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ALEXANDER MATI
DR. VINCENT MACHUKI
PROF. MARTIN OGUTU
PROF. JAMES M. NJIHIA

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INFLUENCE OF EXTERNAL ENVIRONMENT ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL STRATEGY- CULTURE CO-ALIGNMENT AND PERFORMANCE OF LARGE PRIVATE HEALTH FACILITIES IN KENYA

Alexander Mati¹, Dr. Vincent Machuki², Prof. Martin Ogutu³, Prof. James M. Njihia⁴

Abstract

The aim of this study was to assess the influence of the external environment on the relationship between organizational strategy-culture co-alignment and performance of large private health facilities in Kenya. The study was based on the Configuration and Contingency theories, adopting a descriptive cross-sectional design grounded on the positivism research philosophy. The study targeted a population of 61 large private health facilities in Kenya. Data from the respondents were collected through a questionnaire. Fifty eight (58) out of Sixty One (61) study facilities returned completed questionnaire items. Descriptive statistics, one sample t-test and Baron-Kenny moderated regression analysis were used. The results showed no statistically significant influence of the external environment on the relationship between organizational strategy-culture co-alignment and organizational performance. In effect, the study questioned the value of focusing on environmental commitments as a means of achieving performance improvements. It was concluded that the external environment does not increase competitive benefits to organizations that are implementing strategy-culture fit.

Keywords: External environment, organizational strategy-culture co-alignment, performance, large private health facilities

¹ PhD Candidate, School of Business, University of Nairobi - alexmati40@gmail.com

² School of Business, University of Nairobi, Kenya

³ School of Business, University of Nairobi, Kenya

⁴ School of Business, University of Nairobi, Kenya

Introduction

A critical issue in the current global business environment is organizational performance. The fundamental nature of competition among most industries across the world is rapidly changing. Previously, conventional sources of competition were based on elements such as price, quality and service. Today, businesses have moved beyond that and compete on the basis of how innovative they are and how the innovations create superior value to their consumers. As such, superior performance in a volatile global business environment confers organizations with the advantage of long-term survival and prominent positioning in the market (Aosa, 1992). The last two decades have witnessed tremendous and dramatic changes in the healthcare industry. The hospital of the 21st century has evolved amidst shifting government practices, highly specialized profession, quantum leaps in cutting edge medical technology and intense market competition (King & Zeithaml, 2001).

Performance is a multidimensional construct encompassing several characteristics. However, in the light of the challenges and opportunities associated with the current global competitive landscape, there is need for managers to adopt a new mindset that effectively provides direction and guidance on what a business should and should not do in order to reduce business failure. This mindset or roadmap is what is referred to as organizational strategy (Bourgeois, 1980). It is designed and implemented in a manner that matches the goals and values of an organization.

The fast-paced business environment has increased the need for strategic flexibility, innovativeness and continuous improvement in order to sustain performance by organizations (Odhiambo, 2014). Organizations must strike the right strategic response and this must be done

quickly. In a climate of constant change, the strategy has to be accessible and fine-tuned in reaction to market dynamics. According to a survey by Pricewaterhouse Coopers (2014), at least three-quarters of chief executive officers (CEOs) acknowledge the need for change or strategy development in response to global forces. Echoing similar findings, a survey by Economist Intelligence Unit (2013) found that 90% of senior executives agree that execution of strategic initiatives is pivotal to their organization's competitive advantage.

However, strategy development is not a standalone activity in setting prospects of success in an organization. Successful execution of a strategy depends on having a culture that drives high performance. Regardless of whether an organization is reshaping its strategy, merging after an acquisition, reacting to changes in the regulatory environment or essentially pursuing crucial talent, culture is at the hub of the process. A survey conducted by Deloitte (2015) covering 3,300 executives selected from 106 countries, top managers claimed that culture is the most critical issue they confront- more important than leadership, employee capability or performance management. In this regard, strategy and culture are symbiotic, and both are pertinent to an organization's success. In other words, they are each a means to achieve organizational goals, where on one hand strategy acts as the formal framework of actions, while culture establishes the social behavior, mindsets and values by which these actions are guided. Therefore, development and execution of strategies in response to changes in the external environment, requires alignment of the strategies and culture. A research study by Aon-Hewitt (2010) revealed that alignment of day-to-day operations with organization's objectives leads to better organizational performance. The study showed that firms with high levels of employee engagement

outperformed the total stock marketed index and reported total shareholder returns of 22% higher than the average. On the other hand, firms with low engagement posted total shareholder returns 28% lower than average.

While acknowledging the overwhelming importance of strategic response and culture in setting the tone of organizational performance, not every organization understands how to develop strategies that are seamlessly integrated into the beliefs and values of its workforce. For instance, in a survey by Ferry (2014), 72% of executives acknowledged that culture is extremely crucial to organizational performance, but only 32% believed that their organization's culture matched its business strategies. Misaligning culture with organization's strategies manifests missed opportunities that affect the organization's overall performance. Therefore, it is of capital importance to understand how the interplay of strategy, culture and external environment influences the performance of specific organizations.

Various scholars have conceptualized organizational strategy in many different ways. Brecker (1980) defined it as a comprehensive plan on how to utilize available resources effectively for the ultimate destruction of an enemy or a competitor. In an earlier definition, Chandler (1962) had expressed a similar view, describing strategy as the pursuit of a long-term goal by following the right course of action, careful planning and allocation of necessary resources to the process. In another definition, Andrews (1971) viewed strategy as a reflection of the key competencies, mission and business ambitions that set organizations apart. While recognizing that there is no single umbrella definition for organizational strategy, Mintzberg (1994) described strategy as a pattern in a series of decisions and actions. Aosa (1998)

viewed organizational strategy as a roadmap that guides all aspects of an organization. In other words, organizational strategy could be said to encompass a set of actions and values that make an organization unique in a given market place.

Arising from the varying perceptions of organizational strategy, one of the key underlying characteristics of strategy is that it must be aligned to the goals, values and other organizational structure elements (Ansoff & McDonell, 1990). Based on the different definitions, it can be deduced that organizational strategy is a multidimensional concept as it encompasses multiple facets of an organization. This view has been previously acknowledged by Miles, Snow and Meyer (1978) who conceptualized strategy as a three-dimensional construct, comprising of futurity, proactivity and analytic orientations. In relation to futurity, strategy was viewed as the element of planning for the future in anticipation of unprecedented challenges or opportunities in the business environment. Proactivity was described as the purposeful actions and interventions undertaken in order to enhance the performance of an organization. The third dimension, analytic orientation, was regarded as the ability to break down problems into simple solvable elements in a way that enhances efficiency and productivity while minimizing risks faced by an organization.

A good strategy has to take into account the organizational culture. It must fit the norms, behaviors, principles and beliefs within a given organization. A firm's culture does not only define its pertinent employees and targeted customers, but also specifies the manner in which these critical components interact. A strong organizational culture facilitates easier understanding of the organizational strategy by employees and also fosters a supporting behavior. Therefore, if the

success of a strategy is dependent on appropriate behavior, then it is essential to have an enabling and supportive organizational culture (Thokozani, 2017). When strategy and culture are matched, the resulting co-alignment is a valuable resource as it enhances performance. This notion is acknowledged by the Configuration theory.

The Configuration theory posits that just as other organizational architecture elements such as structure and capabilities should be matched to contextual factors, so should organizational culture. Rather than concluding that a particular culture is inherently superior to others, the development of a reinforcing set of strategy and culture produces a high-performance organization. Thus, strategy and culture are co-dependent and as postulated by Venkatraman and Prescott (1990), the co-alignment of the two factors establishes a synergy that brings better performance than when the factors act independently. As a step towards empirical validation, this study sought to investigate the effect of co-aligning strategy and culture on organizational performance in the light of changes in the external environment of a firm. External environment was conceptualized in three dimensions as suggested by Miles and Friesen (1978). The dimensions include dynamism, munificence and complexity. Miles and Friesen described dynamism as the rate of change, innovativeness and uncertainty of various factors in a given industry or business environment. Munificence was defined as the abundance or scarcity of resources necessary to sustain business operations. Further, they defined complexity as the range of contextual factors surrounding an organization and their heterogeneity.

While performance has been conceptualized in multiple ways, in this study, the conceptualization was based on the work of Kaplan and Norton (1992),

who defined performance as a multidimensional concept entailing operational efficiency, effectiveness, organizational relevance and financial viability. Moreover, the focus of this study was on large private health facilities in Kenya. The World Health Organization (2011) defines large health facilities as those with a bed capacity of at least 100 patients. There are 61 such facilities in Kenya and the majority of them are located in Nairobi County. The study focused on these facilities due to the influx of patients and stiff competition they pose in the private health sector.

Research Problem

In the face of rapidly changing global business environment, organizations are constantly confronted with the challenge of sustaining their performance and competitive edge. In the light of these challenges, the healthcare industry has witnessed fast-paced changes in medical technology and patient needs in terms of quality of healthcare. While most organizations have responded to these trends and shifts in the external environment by adjusting their strategies Khan and Huda (2016), much is still unknown in regards to large private health facilities. Research has shown that most patients prefer to visit large private health facilities due to factors such as improved technology, shorter delays and availability of personalized treatment and care. This illuminates the need for large private health facilities to hasten their responsiveness to ensure that they remain competitive enough for the greater benefit of the populace. In response to these changes, organizations across various industries have explored different options such as redefining their strategies (Katsvamutima & Jeevnananda, 2012). Alignment of strategy and culture is a prerequisite for organizations to generate and sustain top-level performance. Studies

have also shown that although strategy and culture provide an avenue of leverage to organizations upon which they can achieve better performance, most organizations are unable to find the right balance between strategy and culture (Aon-Hewitt, 2010). Failing to get this mix right saps the overall organizational performance. Therefore, owing to the fact that different companies have different alignments of strategy and culture, it would be expected that different organizations have different performance outcomes. Research has shown that capitalizing on strategy and organizational culture is likely to lead to positive organizational outcomes (Acar&Acar, 2014; Jacob et al., 2013; Zhou et al., 2011; Noh, Kwon, Yoon&Hwang, 2018) and that external environment has a significant influence on organizational performance. However, the existing research does not provide evidence on the influence of external environment on the relationship between strategy-culture coalignment and organizational performance. It is against this backdrop that this study sought to investigate the influence of external environment on the relationship between strategy-culture co-alignment and performance of large private health facilities.

Research Objective and Hypothesis

This study aimed at determining the influence of external environment on the relationship between organizational strategy-culture co-alignment and organizational performance, hypothesizing that the external environment has no significant influence on the relationship between organizational strategy-culture co-alignment and performance.

Theoretical Perspectives

This study was based on three theoretical models, namely: the configuration theory, the contingency theory and the cultural

dimensions theory. The configuration theory is attributed to Miller and Friesen (1978), who regarded an organization as a complex entity whose success and development depend on the interaction between different constructs. The theory is powerful in analyzing relationships of several domains simultaneously and building new conceptual models. It represents specific and separate attributes, which are meaningful collectively rather than individually (Dess, Newport & Rasheed, 1993). Configuration theory yields a systematic, detailed and holistic image of reality without attributing causality to any of the individual variable (Dyck, 1997). In this study, configuration theory assumes the interaction between strategy and culture. It explains how order emerges and how it is designed from matching these two organizational performance concepts. According to Mugler (2004), configuration stimulates the consideration of interdependences rather than unidirectional dependencies. It supports the argument that organizational performance is enhanced when strategy and culture are matched with the external environment. However, the theory has been criticized for its lack of appropriate methodologies for rigorous and meaningful data analysis. This criticism notwithstanding, the theory is still useful in explaining the influence of strategy and culture on the performance of large private health facilities in Kenya.

The second theory on which this study was based is the contingency theory as advanced by Lawrence and Lorsch (1967). According to this theory, there is no single best way to design organizational structures and decide upon issues within it. The optimal course of action is contingent to, or dependent upon the internal and external environment (Carpenter & Golden, 1997). Contingency theory enables managers to align constructs in view of the external environment, which posits requirements for efficiency,

innovation for survival and prosperity (Lawrence & Lorsch, 1967). Performance of a health facility depends on the appropriateness of co-alignment of its strategy and culture. The theory has been criticized for lack of clarity and methodological limitations (Aldrich, 1972 & Schoonhoven, 1981). Regardless of the criticism, however, the theory explained the link between environmental uncertainties and performance of large private health facilities in Kenya.

The final theoretical bit utilized in this study is the cultural dimensions model. This was posited by Hofstede (2011), who defined culture as the collective programming of the mind that distinguishes members of one group or category of people from others. The model contends that though the concept of culture is much applied to tribes and ethnic groups, it is also applicable in areas like professional, organizational and national issues (Hofstede, 2001). Culture is embedded within a group-level human interaction (Douglas, 1982). It explains that people perceive and respond to issues in different ways that encourage development of different social structures. The model addresses multiplicity of cultural norms that arise from differing social relationships and it treats culture as a collective phenomenon (Thompson, Richard, & Wildavsky, 2007). The model has been criticized by various scholars for overlooking cultural differences across countries (Redpath, 1997; Schwartz & Davis, 1981; Schwartz, 1999). Although the model does not address the possibility of interacting different norms to explain performance, it was useful in this study in explaining different social approaches and cultural factors. It explained the relationships between organizational culture and performance.

Empirical Review

A study by Jabeen et al., (2016), examined the moderating effect of external

environment on the relationship between market orientation and business performance of SMEs in Punjab, Pakistan. With a sample of 380 participants from 364 SMEs in Punjab, the study reported that market orientation had a significant relationship with business performance and that the external environment of the SMEs had a moderating effect on the relationship.

Nandakumar (2011) conducted a study to investigate the moderating effect of external environment on the relationship between strategic planning and performance of manufacturing organizations in India. The author conceptualized external environment as a multidimensional construct comprising dynamism and hostility. With a sample of 124 CEOs from various manufacturing organizations in India, the author found that external environment moderated the relationship between strategic planning and financial performance of the firms, but not on objective fulfillment. The limitation of the study lies in its uniqueness to the Indian context. In other words, given the fact that the study was conducted in India, the generalizability of the findings to other national contexts may be limited.

In Kenya, Machuki and Aosa (2011) assessed the impact of external environment on the performance of publicly listed companies in Kenya. The study conceptualized external environment as a multidimensional construct, consisting of complexity, dynamism and munificence. Based on a survey of 23 firms listed on the Nairobi Stock Exchange, the scholars found that changes in external environment did not have a significant influence on the corporate performance of the firms. From this review, it is evident that little research has addressed the moderating role of external environment on the relationship between strategy-culture co-alignment and performance of large private health

facilities in Kenya. This study sought to explore the moderating mechanisms of external environment in this relationship.

Methodology

This study adopted a cross-sectional survey design grounded on the positivism research philosophy. Positivism embodies the view that knowledge is dependent on observable evidence that can also be experienced (Tashakkori&Creswell, 2007). The positivist view was adopted because the study sought to establish gaps, test the hypothesis and deduce knowledge from the resulting observations while considering quality or essence of the participants’ experiences. A cross-sectional design allows for a fine-grained description of a phenomenon occurring within a given population at a particular point in time (Cooper & Schindler, 2006). Therefore, this design was considered ideal for this study because it enabled generation of a representative picture of the target population at one fixed point in time, based on the responses gathered from various elements of the population. It targeted 61 large private health facilities spread out across various parts of the country. A census survey that included questionnaire items was used to collect data from facilities. The quantifiable data from the close-ended questions was coded for analysis using SPSS. Baron and Kenny

(1986) test of moderation was used to test the influence of external environment on the relationship between strategy-culture co-alignment and performance. This method involves three steps. In the first step, the predictor variable is regressed on the outcome variable, the moderating variable is added in the second step and then, the interaction term is added in the third step. Based on this technique, moderation exists when the results of the model in the first step are significant, results of the model with the moderator variable in the second step are significant and lastly, when changes in R² due to the interaction term are significant. The composite indices for organizational strategy-culture co-alignment, external environment and performance were first obtained. Strategy-culture co-alignment represented the predictor variable while performance was the criterion variable. External environment represented the moderating variable. The decision to reject the null hypothesis was based on a 95% confidence level (p=0.05). If at any step of the Baron and Kenny’s (1986) procedure, the p-value turned out to be greater than 0.05, then the hypothesis would be rejected. Table 1 shows a summary of the analytical process.

Table 1: Summary of Analytical Process

To establish effect of External environment on the relationship between organizational strategy-culture co-alignment and organizational performance	<p style="text-align: center;">Baron and Kenny (1986) Moderated Regression</p> Performance= $f(\text{organizational strategy-culture co-alignment} * \text{External environment})$ i) $P = b_0 + b_1X_1 + e$ ii) $P = b_0 + b_1X_1 + b_2X_2 + e$ iii) $P = b_0 + b_1X_1 + b_2X_2 + b_3(X_1 * X_2) + e$ Where P= performance composite index b_0 =Constant (intercept)
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	b_1, b_2, b_3 are Coefficients X_1 = strategy-culture co-alignment composite score, X_2 = External environment
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Results

Descriptive Statistics

Table 2 shows a summary of the descriptive statistics associated with the participants' responses to each of the

variable. For this study, mean and coefficient of variation were considered. The participants' responses to these items was based on a Likert scale ranging from 1 to 5, where 1 represented "Not at all" and 5 denoted "Very large extent."

Table 2: Descriptive Statistics

Variables	Mean	Coefficient of Variation
<i>Organizational Strategy</i>		
Futurity	4.19	0.18
Proactivity	4.03	0.23
Analytic orientation	4.13	0.22
<i>Organizational Culture</i>		
Process orientation	4.02	0.198
Job orientation	4.02	0.207
Profession orientation	3.94	0.22
Pragmatic orientation	3.84	0.28
<i>External Environment</i>		
Complexity	3.13	0.37
Munificence	3.21	0.293
Dynamism	3.24	0.324
<i>Performance</i>		
Efficiency	4.13	0.203
Effectiveness	4.44	0.16
Relevance	4.27	0.177
Financial Viability	4.27	0.207

The results show that a majority of respondents agreed to a large extent that their organizational strategies were future oriented, proactive and analytic oriented. In regards to organizational culture, the results indicate that proactivity recorded the highest coefficient of variation of 23%, an indication that there was lack of unanimity across the participants on the extent to which their health facilities were proactive. In addition, based on the mean scores, the results indicate that the organizational culture of the large private health facilities was to a large extent characterized by process, job, profession, and pragmatic orientation. Pragmatic orientation had the highest coefficient of variation of 0.28, implying that there was lack of consensus among the participants in connection to how pragmatic their organizational culture was.

Table 2 also shows that most respondents were not certain about the extent to which the external environment of their facilities was complex, munificent or dynamic as indicated by the respective mean scores of these constructs. This is because the average rating for each of the constructs was slightly above 3, which represents “Not sure” rating on the Likert scale. The results further show that there was lack of unanimity among the respondents in regards to how dynamic their facilities

were as the dynamism construct had a coefficient of variation of 32.4%.

As pertains to organizational performance, most respondents agreed to a large extent that their facilities were efficient, effective, relevant and financially viable since the average score for each of the constructs fell close to the “large extent” rating on the Likert scale. Financial viability had the highest coefficient of variation of 0.207, implying that there was lack of consensus among the participants in connection to how financially viable their organizational performance had been.

Diagnostic Test Results

Prior to conducting the regression analysis, a series of diagnostic tests were performed to confirm that the data did not violate the assumptions underlying application of linear regression. These tests included normality, multicollinearity and homoscedasticity.

Normality is the assumption that the population from which data has been drawn from follows a normal distribution. The normality of data was assessed using the Shapiro-Wilk test recommended by Kinuu(2014). The results of the Shapiro-Wilk test for the study variables are shown in Table 3.

Table 3: Results of Normality Test

Variable Description	Shapiro-Wilk		
	Statistic	df	Sig.
Organizational Strategy	0.94	26	0.17
Organizational Culture	0.98	26	0.83
External Environment	0.97	26	0.69
Organizational Performance	0.94	26	0.11

Given that $p = 0.17$ for organizational strategy index, $p = 0.83$ for organizational culture index, $p = 0.69$ for external

environment index and $p = 0.11$ for the organizational performance index, then using alpha value of 0.05, it was concluded

that the variables of this study were all normally distributed. Therefore, the assumption of normality had been met by the data used for this study.

Multicollinearity denotes a phenomenon where the predictor variables exhibit high correlation (McClave&Sincich, 2018). For the purpose of this study, the Variance

Table 4: Results of Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Organizational Strategy	0.61	1.65
Organizational Culture	0.60	1.67
External Environment	0.94	1.07

Inflation Factor (VIF) method was used to assess multicollinearity. The VIF method is used to assess how much a predictor variable is contributing to the standard error of a regression model. The results of testing for multicollinearity of the study variables using the VIF method are shown in Table 4.

Table 4 shows that the VIF values for all the predictor variables are less than 10, suggesting that multicollinearity was not present among the variables. The tolerance values for all the independent variables are also far in excess of 0.01, further implying that multicollinearity was not a problem.

Homoscedasticity is the assumption that the variance of error terms is similar for all the values of the predictor variables (Kinuu, 2014). A scatterplot of residuals versus predicted values for the dependent variable was used to assess homoscedasticity. Figure 1 shows the scatterplot that was generated.

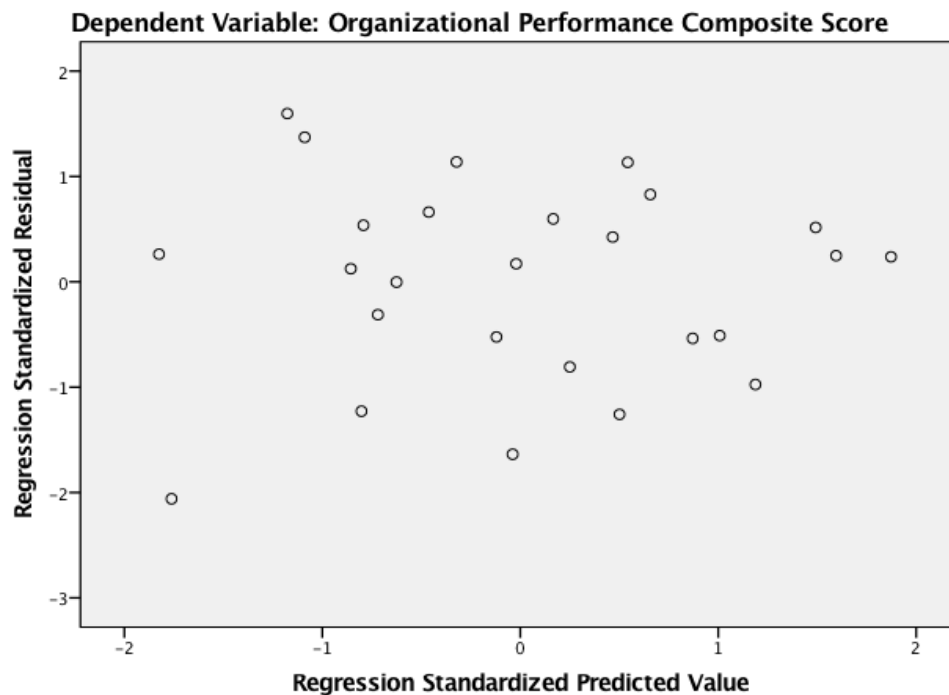


Figure 1: Scatterplot for Residual versus Predicted Values

An inspection of the scatterplot reveals that there was no definite pattern in the distribution of the predicted and residual values. The variability of the values does not resemble a cone shape. According to Kinuu (2014) when residual variability follows cone-shaped pattern, the data is heteroscedastic. Consequently, the scatterplot suggests that the data used for this study was homoscedastic and that the constant variance assumption was not violated.

Moderating Effect of External Environment on the Relationship between Organizational Strategy-culture Co-alignment and Organizational Performance

The study sought to determine whether or not external environment has a moderating effect on the relationship between organizational strategy-culture co-alignment and organizational performance. Organizational performance was the outcome variable, co-aligned strategy-culture variables were the predictor

variables and external environment was the moderating variable. Co-aligned organizational strategy-culture variables included futurity, proactivity, analytics, process orientation, professional orientation and pragmatic orientation. The external environment was operationalized into three constructs: complexity, munificence and dynamism. The hypothesized moderating effect of external environment was tested using the Baron and Kenny's (1986) moderated regression technique. A three-stage process was adopted, where the criterion variable was regressed on the predictor variable in the first stage, then the moderator was added in the second stage and the interactive factor in the third. Support for moderation was found to exist when the results of the model are significant, the interaction term is significant and the values of the changes in R^2 resulting from the introduction of the interaction term and its associated F -ratio value are significant. The composite indices for the variables were computed and subjected to a moderator regression analysis. The results of the analysis are as shown in Table 5.

Table 5: Moderated Regression Results

Model	Criterion	Predictor	B	t	Adj. R^2	Change R^2	Sig. F Change
1	Performance	Strategy-culture co-alignment	0.448	4.484	0.251	.264	0.000
2	Performance	Strategy-culture co-alignment External environment	0.458 -	4.244 -0.267	0.238	.001	0.790
3	Performance	Strategy-culture co-alignment External environment Strategy-culture co-alignment * External environment	0.879 0.535 - 0.137	0.904 0.408 -0.436	0.227	0.003	0.665

Table 5 shows that introduction of the moderator variable (external environment) produced results that were not statistically significant ($p > 0.05$). In addition, the results indicate that the interaction between strategy-culture co-alignment and external environment resulted in changes in R^2 that were not statistically significant ($p > 0.05$). According to Baron and Kenny (1986), this suggested lack of a moderation effect. Consequently, the results confirmed the study's hypothesis that external environment has no significant influence on the relationship between organizational strategy-culture co-alignment and performance. This finding did not contradict findings by Machuki (2011) and Murgor (2014) who found that the external environment has no significant influence on organizational performance. A plausible explanation for this finding could be that public private health facilities in Kenya have effective risk management programs that enable them to mitigate external environment influences.

It is also evident that the finding was inconsistent with the Configuration and Contingency theories. The Configuration theory posits that organizational performance is affected by a series of variables and that these variables have a combinatory effect rather than a unidirectional one. In other words, organizational performance improves when the mutual effect of the multiple variables is enhanced. With respect to this study, it would be expected that organizational performance of large private health facilities in Kenya would improve following additional influence of external environment factors to the combined influence of organizational strategy-culture interaction. However, based on the findings, interaction of the external environment factors with organizational strategy and organizational culture did not have a significant influence on performance.

According to Contingency theory, firm performance is grounded on multiple factors. For the optimal performance, there has to be a contingent association among the factors. In the light of the objective of this study, this theory implies that the performance of large private health facilities in Kenya would be optimal following introduction of external influence on the combined effort of organizational strategy and culture. Contrary to this implication, the findings revealed that external environment did not have any significant influence on the organizational strategy-culture co-alignment and performance of the large private health facilities in Kenya.

Conclusion

The study found that the external environment does not moderate the effect of strategy-culture co-alignment on the performance of large private health facilities in Kenya. Therefore, it can be concluded that, as strategic resources, both organizational strategy and culture can help the facilities to enhance their performance. However, responsive actions by the facilities to capitalize on turbulent environmental changes may not magnify the impact of the two resources in terms of organizational performance.

Implications

This study sheds light on how critical organizational components function together to enhance performance of private health facilities in Kenya. In particular, this study provides the first empirical test on the moderating effect of external environment on the performance of organizations. As such, this nuanced a view that makes a unique contribution to the body of knowledge in strategic management by providing a complete theoretical and empirical relationship between strategy-culture fit, external environment and performance.

The study offers market intelligence regarding the role of external environment on the relationship between organizational strategy-culture co-alignment and performance. The fact that business environment factors do not magnify or weaken the impact of strategy-culture fit offers additional important competitive intelligent insight to the large private health facilities. As such, managers of the facilities should pay closer attention to how their competitive strategies align with organizational culture rather than investing resources in the facilities' market responsiveness.

In addition, the findings of this study alert policymakers to the meaningless role of external environment factors in the influence of strategy-culture fit on performance of large private health facilities. This means that formulating policies and regulations emphasizing on the business environment of such facilities rather than internal organizational aspects such as organizational culture does not generate the necessary changes for improving their performance. As such, policymakers should develop regulations that would help alleviate some of the hurdles that the health facilities face in attaining the perfect strategy-culture fit.

Recommendations

This study has broken ground in strategy-culture co-alignment and external environment variables with respect to their impact on organizational performance. More research on these factors is suggested to enhance the overall understanding of organization performance beyond the health sector. In the future, researchers should conduct studies over a long period of time, as this would provide details on trends and new patterns.

Similar studies should be conducted in small and medium private health facilities, while others are done using organizations in different industries. Broadened studies

would provide researchers with information to compare and contrast the interaction of organizational strategy and culture variables in this study across the health sector and beyond it.

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